

Message Text

LIMITED OFFICIAL USE

PAGE 01 LA PAZ 04043 051336Z

50

ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 GSA-01 L-03 SS-15 NSC-10 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

CEA-02 RSR-01 H-02 /150 W

----- 130449

R 032224Z JUL 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 0350

INFO AMEMBASSY BRASILIA

AMEMBASSY LONDON

LIMITED OFFICIAL USE LA PAZ 4043

E.O. 11652: N/A

TAGS: EMIN, EGEN, BL, UK, BR

SUBJ: TIN

1. SUMMARY: MINFON SENT EMBASSY NOTE ASKING FOR REDUCTION IN GSA STOCKPILE SALES DUE TO ADDITIONAL ADVERSITY PRESENTED BY IMMINENT CLOSING WILLIAMS HARVEY SMELTER WHICH TAKES ABOUT HALF OF BOLIVIAN PRODUCTION. MIN MINES APPEARS CONFIDENT BOLIVIA'S CONCENTRATES CAN BE PLACED ELSEWHERE. GOB DEVELOPING ALTERNATIVE PLANS. APPEARS BOLIVIA WILL SUFFER FROM WILLIAMS HARVEY PROBLEM, HOWEVER, AT LEAST THROUGH HIGHER SMELTING COSTS. END SUMMARY.

2. MINFON SENT NOTE TO EMBASSY STATING MINISTER OF MINING AND METALLURGY HAD REQUESTED MINFON EXPRESS GOB CONCERN IN REGARD TO: A) INFORMATION FROM LONDON INDICATING INTERVENTION AND IMMINENT SHUTDOWN OF WILLIAMS HARVEY SMELTER WHICH TREATS 16,000 M.T. FINE TIN PRODUCED FROM BOLIVIAN CONCENTRATES; B) ABOVE ADDS FURTHER NEGATIVE FACTOR TO DIFFICULT ECONOMIC SITUATION OF COUNTRY, WHICH WILL UNDOUBTEDLY BE ADVERSELY AFFECTED BY GSA STOCKPILE SALES. NOTE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LA PAZ 04043 051336Z

ENDS BY ASKING USG TO REDUCE VOLUME OF GSA SALES.

3. MIN MINES LEMA RECENTLY TOLD ECONOFF THAT HE BELIEVED BOLIVIA WILL HAVE LITTLE TROUBLE PLACING ITS TIN CONCENTRATES AT OTHER SMELTERS. WENT ON TO SAY, HOWEVER, THAT HOPES WILLIAMS HARVEY WILL STAY OPEN. SAID BOTH RIO TINTO AND GULF CHEMICAL DICKERING WITH CONSOLIDATED TIN MINES FOR POSSIBLE PURCHASE WILLIAMS HARVEY. LEMA ALSO SAID HOPED TO ENLIST EX-PM HAROLD WILSON'S AID IN KEEPING WILLIAMS HARVEY IN OPERATION WITH UK SUBSIDY.

4. FROM OTHER SOURCES, WE UNDERSTAND TOTAL WILLIAMS HARVEY FINANCIAL LIABILITY TO BOLIVIA ABOUT \$8 MILLION OF WHICH \$5.8 MILLION DUE BANK OF AMERICA WHICH HAS FINANCED COMIBOL'S EXPORTS TO WILLIAMS HARVEY. REMAINING BALANCE OWED TO BANCO MINERO AND MEDIUM MINERS. WE ALSO UNDERSTAND WILLIAMS HARVEY DEMANDING ADD 25 POUND STERLING TO TREATMENT COST OF 62 POUND STERLING PER METRIC TON OF CONCENTRATES FOR 40 PERCENT COST INCREASE. ON OTHER HAND, ACCORDING TO PRESS, MINISTER LEMA WITHHELD FROM WILLIAMS HARVEY 2,000 M.T. CONCENTRATES IN ENGLISH PORT WHILE, ACCORDING BANKING SOURCES, WILLIAMS HARVEY REQUESTED ADDITIONAL CONCENTRATES TO MAINTAIN PLANT AS "GOING CONCERN" DURING NEGOTIATIONS FOR ITS SALE.

5. CAPPER-PASS (RIO TINTO SUBSIDIARY) REPRESENTATIVES ARRIVED LA PAZ JUNE 30 TO DISCUSS RENEWAL AMENDMENT CONTRACTS (COVERING ABOUT 4,000 M.T. FINE TIN ANNUALLY) IT HAS WITH MEDIUM MINERS AND POSSIBLY TO NEGOTIATE FOR PORTION CONCENTRATES COMIBOL HAS BEEN SHIPPING TO WILLIAMS HARVEY. DIFFICULTY WITH LATTER OBJECTIVE IS THAT WILLIAMS HARVEY TAKES HIGH GRADE CONCENTRATES (ABOUT 50 PERCENT) WHILE CAPPER-PASS TAKES LOW GRADE (ABOUT 20-25 PERCENT). PRIOR ARRIVAL ITS REPS HERE, CAPPER-PASS NOTIFIED PRESIDENT MEDIUM MINERS, SANCHEZ DE LOZADO, THAT CONTRACT TO BE SUSPENDED AT END 6-MONTH SPECIFIED PERIOD. SANCHEZ DE LOZADO TOLD ECONOFF THIS STEP NO MORE THAN OPENING GAMBIT TO NEGOTIATE INCREASE IN TREATMENT COSTS.

6. TRIAL SHIPMENTS OF BOLIVIAN CONCENTRATES HAVE BEEN SENT TO BRAZIL AND MEXICO WITH VIEW TO PLACING PORTION COMIBOL CONCENTRATES IN THESE COUNTRIES. ON OTHER HAND, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LA PAZ 04043 051336Z

MINISTER LEMA WAS NOT SANGUINE ABOUT INDUCING GULF CHEMICAL TO INCREASE ITS IMPORTS OF BOLIVIAN TIN CONCENTRATES.

7. ANOTHER POSSIBILITY IS TO QUICKLY (WITHIN ABOUT ONE YEAR) INCREASE THE VINTO SMELTERS CAPACITY BY ACQUIRING A REVERBERATION FURNACE AND/OR ADDING RECONDITIONED EQUIPMENT FROM THE PERO SMELTER. THESE STEPS APPARENTLY WOULD INCREASE VINTO'S CAPACITY FROM 7,500 M.T. FINE TO OVER

11,000 M.T.

8. COMMENT: WHILE GOB AUTHORITIES APPEAR BE EXUDING
BIT MORE CONFIDENCE OVER FINAL OUTCOME WILLIAMS HARVEY
PROBLEM, WE HAVE IMPRESSION THIS PARTLY EFFORT TO
PRESENT STRONG NEGOTIATING STANCE AS MULTIPLE POSSIBLE
SOLUTIONS AND MANY UNKNOWNNS BEING JUGGLED ALL AT SAME
TIME. APPEARS TO US BOLIVIA BOUND TO LOSE TO SOME
EXTENT EVEN IF CAN PLACE ALL OF TIN CONCENTRATE
PRODUCTION IN FORM OF HIGHER SMELTING COSTS. WE PROBABLY
WILL HAVE CLEARER VIEW ON JULY 5 BY WHICH TIME GOB
INTENDS SORT OUT ITS PLANS ON BASIS THREE COMMISSION
REPORTS, ACCORDING SUBSECRETARY MINES BEDREGAL WHO
SAID HE WISHED CONFER ON THESE MATTERS ON THAT DAY.
SITUATION SHOULD BECOME EVEN CLEARER AFTER JULY 6, WHEN
WILLIAMS HARVEY CREDITORS TO MEET.
SIRACUSA

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TIN, MINING, STOCKPILES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LAPAZ04043
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LA PAZ
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730757/aaaabpmz.tel
Line Count: 132
Locator: TEXT ON-LINE
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 15 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Jan-2002 by martinjw>; APPROVED <05-Feb-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TIN
TAGS: EMIN, EGEN, BL, UK, BR, US, WILLIAMS HARVEY SMELTER
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005